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EDIC/M-5
Control No. 2112
24 January 1955

ECONOMIC DEFENSE INTELLIGENCE COMMITTEE

Minutes of 5th Meeting

10:45 - 12:30, 18 January 1955

PRESENT

25X1A9a

[REDACTED]
Lt. Col. Brown, OSD
Mr. Hamilton, AFOIN

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[REDACTED]
Miss Baldwin, FOA
Mrs. Young, State/EDS
Miss Hanes, State/OIR
Mr. Doherty, State/OIR
Mr. Taft, State/MC
Mr. Young, Commerce

1. REPORT ON EXECUTIVE COMMITTEE CONSIDERATION OF IWG/R-16,
"EXTERNAL FINANCIAL OPERATIONS OF THE SOVIET BLOC"

Discussion - The Acting Chairman reported on Executive Committee consideration of this paper (ref: ED/EC M-151 of 7 January 1955) and of that Committee's recommendations regarding implementation of the IWG (EDIC) subgroup recommendations. It was the decision of the Executive Committee that (a) its members examine IWG/R-16 and comment "on the priorities and range of problems inherent in that report." (The Executive Secretary, EDAC, would "coordinate with Mr. Wright (State) and prepare a package presentation of those comments to EDIC"); (b) EDAC working groups would review and report on "their current and proposed operations in terms of the importance of the external financial operations of the Soviet bloc to those operations."; (c) functions a) and c) in page 2 of IWG/R-16 should be deleted since they could be incorporated in b) and d). The Executive Committee suggested, further, "that the DCN look into the entire problem of intelligence on external financial operations in relation to the enforcement operations."

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The Acting Chairman declared it is the CIA view that no new single unit should be established to carry out whatever priorities or intelligence activities are recommended by the Executive Committee. The problem at this time is, rather, to discuss necessary arrangements for allocating to existing units within the intelligence community the specific functions under the suggested plan. He suggested that a statement by the Executive Committee of priorities for work on this subject in the light of other research needs is now required.

The Acting Chairman paid tribute to the excellent work of the subgroup in producing IWG/R-16. He pointed out that it is now the responsibility of the Executive Committee to establish appropriate priority for this specialized work within the framework of the IWG report.

2. TENTATIVE CIA VIEWS ON CRITERIA INVOLVED IN RECONSIDERATION OF THE CHINA LIST

Discussion - The Acting Chairman repeated his earlier statement on the value of preconsultation between action and intelligence elements for purposes of developing reasonable criteria and maximizing intelligence support for the China List review. He referred to the Executive Committee request of 17 December and to Admiral DeLany's request of 22 December 1954 on CIA for suggestions as to criteria which would elicit adequate intelligence to meet US objectives in support of a reconsideration of the China List. The Acting Chairman then referred to the ORR paper of 14 January 1955 - ORR/CIA Views Concerning the Reconsideration of International Trade Controls Against Communist China. In this connection [REDACTED] read from the covering letter to Admiral DeLany, which stressed the tentative nature of the ORR paper and emphasized that it had not been coordinated with any other agency. He then reviewed the substance of the paper, and explained the significance of selected paragraphs. Following this he asked for comments on the paper from the EDIC representatives. 25X1A9a

Mr. Doherty of State felt it would be inappropriate to comment on ORR's reply to Admiral DeLany and emphasized that this did not meet the earlier requirements of the EDAC Executive Committee since it was not a coordinated paper. Moreover, he emphasized that OIR, State, had objections to certain parts of the ORR paper which they would transmit as they considered appropriate.

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Action - It was the sense of the meeting that the request of the EDAC Executive Committee for a coordinated paper had not been met. However, since the ORR and OIR papers would probably both be discussed in the EDAC Executive Committee and since it was hoped that certain aspects of U.S. policy might soon be clarified by the Dodge Council it was agreed that EDIC should await further instructions from the Executive Committee before attempting a coordinated paper on the problem in question.

3. MDAC REPORT ON DISSEMINATION OF EDAC "INFORMATION DOCUMENTS"

25X1A9a Discussion - The Acting Chairman referred to a discussion on this subject at the last meeting, at which time [REDACTED] was 25X1A9a asked to make certain representations thereon to the Executive Secretary of EDAC. [REDACTED] reported as follows: it is proposed that a distinct series of EDAC documents be used for the circulation of unclassified news articles and related material in the field of East-West trade.

Action - The EDIC members felt that [REDACTED] proposed 25X1A9a plan would take care of the problem as far as the intelligence community was concerned. The Acting Chairman suggested that such "information documents" be distributed with a caveat to the effect that such documents were unevaluated. If the EDAC Executive Secretary considers the document of sufficient importance, the Executive Secretary of EDIC should be requested to arrange for evaluation of the document and should be advised as to the background of the document's importance

4. OTHER INTELLIGENCE MATTERS

a) The Executive Secretary distributed EDIC/AM-4 of 18 January - Statement on Distribution of Current Economic Intelligence to Action Agencies. Members were requested to inform the Executive Secretary of their approval or to furnish appropriate comments.

b) The Executive Secretary questioned the present situation regarding the check list of decontrolled commodities being prepared by JOC for purposes of surveillance control. (ref: JOC Document No. 54 Supplement 1 of 9 December 1954). Miss Baldwin indicated she is preparing a short list to supersede the referenced document which will be submitted for JOC review.

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c) Mr. Taft reported approval on 14 January by a COCOM subcommittee of an International Munitions List which is scheduled to become effective 20 days following the subcommittee approval.

d) Members expressed agreement to distribution in EDIC of an Alphabetical Index to Strategic Commodities, based on the several control lists and prepared in CIA.

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Distribution

Cat. ~~B (1-13)(S/TF)~~
~~C (1,2,3)~~
~~D (All)~~
~~E (1,2,3)~~

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